First Quarter of 2023

QUARTERLY TRENDS
IN THE KOREA LODGING INDUSTRY

yanolja research

CONTENTS

Trend. Q1 2023 Trends in Lodging Industry

In the first quarter of 2023, room demand decreased compared to the previous quarter(Q4 2022) due to seasonal factors and an increase in demand for overseas travel by domestic travelers. By accommodation type, pensions and resorts, which account for the majority of demand from travelers, and 4~5 star hotels that serve as alternative for overseas travel, experienced a decrease in demand. In terms of regions, Gangwon, a representative domestic tourist destination, showed a noticeable decline in demand. On the other hand, the average room rate and occupancy rate of hotels in Seoul increased steadily from January to March of 2023. This indicates a normalization of hotel in hotels' revenue structure due to the resumption of events such as conferences and seminars and the recovery of foreign business tourism demand following the recent pandemic turnaround.
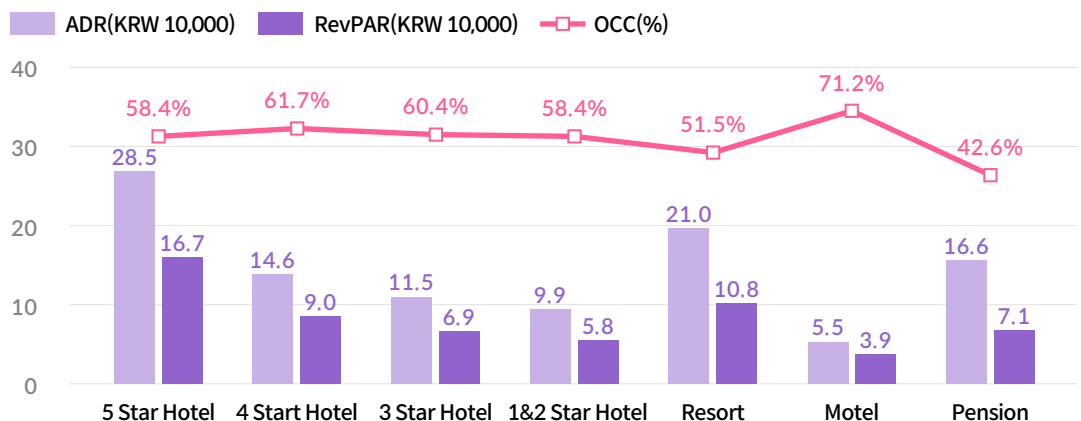
Since the second half of 2022, the burden of maintenance and management costs for accommodation facilities has increased due to the global economic slowdown and rising utility prices. As a result the average room rates in Q1 2023 increased compared to the Q1 2022. As global inflation is expected to continue for the time being, we can ben foreseen both possibilities that upward pressure on room rates due to increased costs at the supply end and downward pressure on room rates due to reduced consumption. Therefore, the direction of ADR(Average Daily Rate) growth in Q2 2023 needs to be observed. The market expects OCC(OCCupancy rate) to increase in 2Q 2023 compared to 1Q 2023, mainly due to the seasonal shift to the spring peak season. In addition, the government's accommodation discount event and worker vacation support scheme, which started in late May, are also expected to contribute to the increase in OCC.

Operational Status in Q1 2023 by Property Type

RevPAR in Q1 2023 ranged from KRW 39,000~167,000

· ADR in Q1 2023 : 5-star hotel > resort > pension > 1-4 star hotel > motel
· OCC in Q1 2023 : motel > 1~5 star hotel > resort > pension

ADR/OCC/RevPAR by property type in 2023.Q1

ADR(KRW 10,000)   RevPAR(KRW 10,000)   OCC(%)

Property	ADR	RevPAR	OCC
5 Star Hotel	28.5	16.7	58.4%
4 Start Hotel	14.6	9.0	61.7%
3 Star Hotel	11.5	6.9	60.4%
1&2 Star Hotel	9.9	5.8	58.4%
Resort	21.0	10.8	51.5%
Motel	5.5	3.9	71.2%
Pension	16.6	7.1	42.6%

*Source : Yanolja/Daily Hotel transaction data and own survey results (refer to Appendix 01)
*Note : ADR is the Average Daily Rate, OCC is the Occupancy rate, and RevPAR is the Revenue Per Available Room

Lodging Business Current Index

[Current] ADR increase compared to Q1 2022, while OCC differs by property type

· ADR increases due to the rising inflation in the wake of the global recession.

· In the case of motel, the impact of the economic downturn seems to be more significant than the pandemic shift, leading to a decrease in OCC.

2023.Q1 Current index compared to 2022.Q1

ADR   OCC

	ADR	OCC
Hotel	120.1	110.5
Motel	100.4	91.2
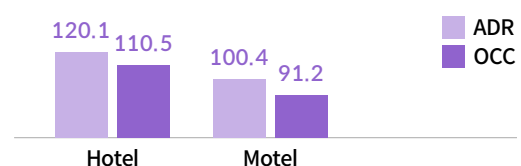
*50 ≤ Business Index ≤ 150, If the index is above (below) 100, more (less) companies cognize that the current quarter's business conditions are improved than the same quarter of last year.
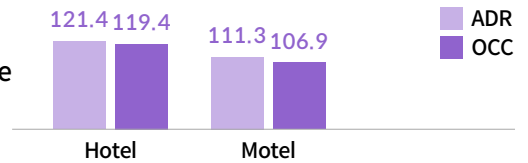*Source : Own survey results (refer to Appendix 01)

Lodging Business Outlook Index

[Future] In Q2 2023, both ADR/OCC will increase compared to Q1 2023

· With spring in full swing, Q2 marks the transition into peak season.

· The government's tourism promotion event, starting from the end of May, aim to stimulate domestic demand and are anticipated to contributed positively to lodging industry

2023.Q2 Future index compared to 2023.Q1

	ADR	OCC
Hotel	121.4	119.4
Motel	111.3	106.9

*50 ≤ Business Index ≤ 150, If the index is above (below) 100, more (less) companies expect that the next quarter's business conditions are improved than the current quarter.
*Source : Own survey results (refer to Appendix 01)

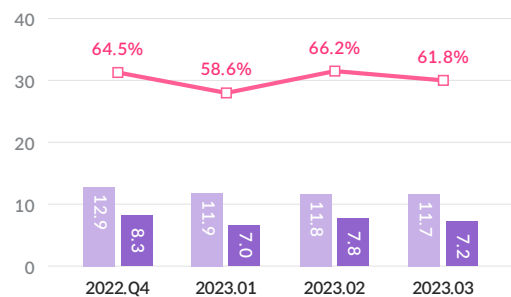## Changes in Operational Status by Month/ Property Type

ADR/OCC/RevPAR decreased comparted to Q4 2022 due to seasonality

· Modest rebound in OCC in February was driven by a significant drop in demand in January 2023 compared to December 2022.

– With the early Lunar New Year holiday in January, there has been an increase in the number of people visiting their hometown due to the containment of COVID-19, resulting in a larger decline in room demand in January compared to previous year.

Changes in ADR/OCC/RevPAR by property type(2022.Q4~2023.03)

Legend: ADR(KRW 10,000) | RevPAR(KRW 10,000) | OCC(%)

Hotel/Resort All — Changes in RevPAR in 2023.03 Compared to 2022.Q4 -13.5%
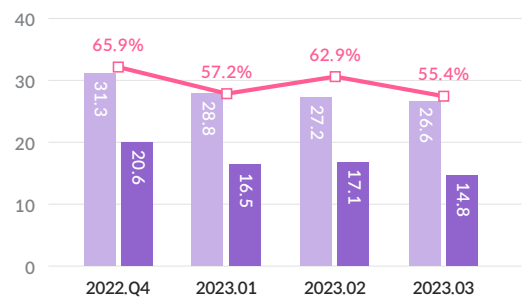
	2022.Q4	2023.01	2023.02	2023.03
OCC(%)	64.5%	58.6%	66.2%	61.8%
ADR	12.9	11.9	11.8	11.7
RevPAR	8.3	7.0	7.8	7.2

5 Star Hotel — Changes in RevPAR in 2023.03 Compared to 2022.Q4 -28.3%

	2022.Q4	2023.01	2023.02	2023.03
OCC(%)	65.9%	57.2%	62.9%	55.4%
ADR	31.3	28.8	27.2	26.6
RevPAR	20.6	16.5	17.1	14.8

4 Star Hotel — Changes in RevPAR in 2023.03 Compared to 2022.Q4 -22.7%

	2022.Q4	2023.01	2023.02	2023.03
OCC(%)	68.7%	57.2%	66.3%	61.4%
ADR	16.9	14.2	14.4	14.6
RevPAR	11.6	8.1	9.6	9.0

3 Star Hotel — Changes in RevPAR in 2023.03 Compared to 2022.Q4 -19.1%

	2022.Q4	2023.01	2023.02	2023.03
OCC(%)	66.9%	56.3%	64.7%	60.8%
ADR	13.0	11.3	11.5	11.6
RevPAR	8.7	6.4	7.4	7.0
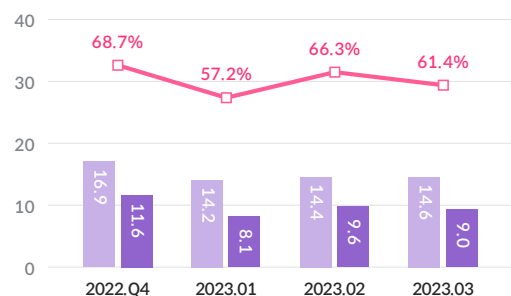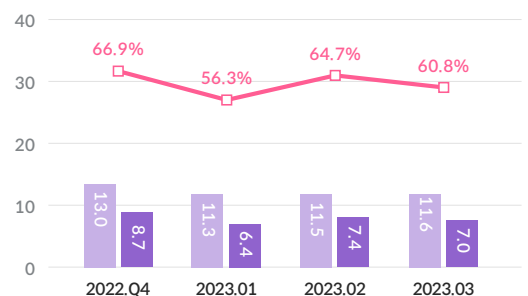
Changes in Operational Status by Month/ Property Type

ADR(KRW 10,000) ■ RevPAR(KRW 10,000) OCC(%)

1&2 Star Hotel

Changes in RevPAR in 2023.03 Compared to 2022.Q4 **-12.7%**

	2022.Q4	2023.01	2023.02	2023.03
OCC	61.7%	55.3%	61.9%	58.8%
ADR	10.9	10.0	10.0	10.0
RevPAR	6.7	5.5	6.2	5.9
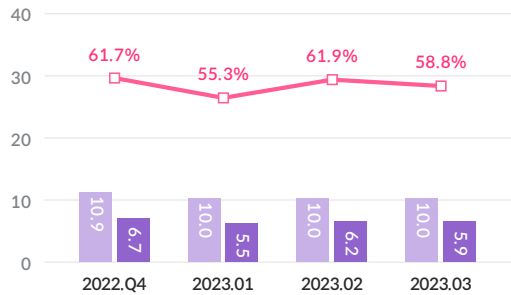
Resort

Changes in RevPAR in 2023.03 Compared to 2022.Q4 **-26.9%**
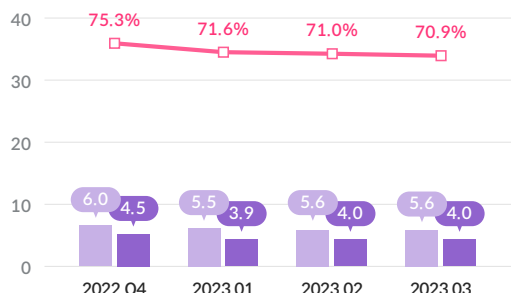
	2022.Q4	2023.01	2023.02	2023.03
OCC	54.9%	51.2%	57.1%	46.9%
ADR	22.2	21.5	20.3	19.0
RevPAR	12.2	11.0	11.6	8.9

Motel

Changes in RevPAR in 2023.03 Compared to 2022.Q4 **-12.6%**

	2022.Q4	2023.01	2023.02	2023.03
OCC	75.3%	71.6%	71.0%	70.9%
ADR	6.0	5.5	5.6	5.6
RevPAR	4.5	3.9	4.0	4.0

Pension

Changes in RevPAR in 2023.03 Compared to 2022.Q4 **-23.6%**

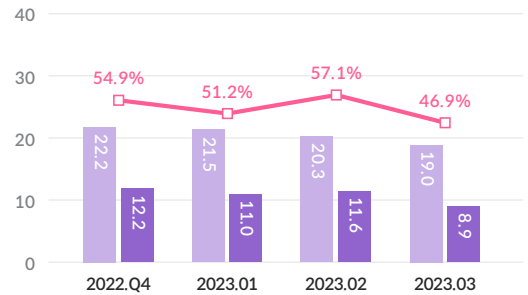|	2022.Q4	2023.01	2023.02	2023.03
OCC	45.2%	44.0%	46.7%	37.2%
ADR	16.9	17.0	16.2	15.7
RevPAR	7.6	7.5	7.6	5.8
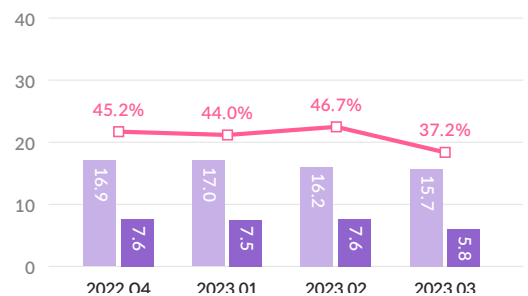
*Source : Yanolja/Daily Hotel transaction data and own survey results (refer to Appendix 01)

Property types with higher ADR tend to experience a greater decline

· 5 star hotels and resorts had the largest OCC decline in Q1, due to the significant base effect of increased demand in December for special year-end promotion offered by these high-end properties.

· Luxury Hotels and Resorts typically run discount promotions during the off-peak months of January to March, resulting in a decrease in ADR.

Changes in ADR/OCC/RevPAR in 2023.03 compared to 2022.Q4

ADR ■ OCC ■ RevPAR
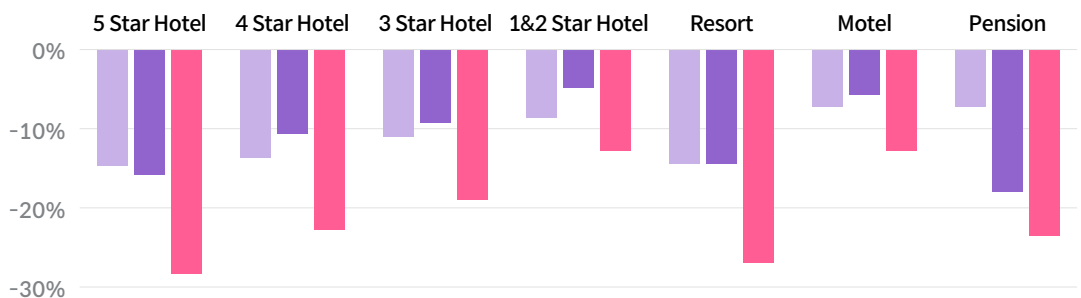
*Source : Yanolja/Daily Hotel transaction data and own survey results (refer to Appendix 01)

1. Hotel

Hotel Operating Status by Region

ADR/OCC/RevPAR of 1~4 hotels and resorts experienced a slight rebound in February followed by a decline

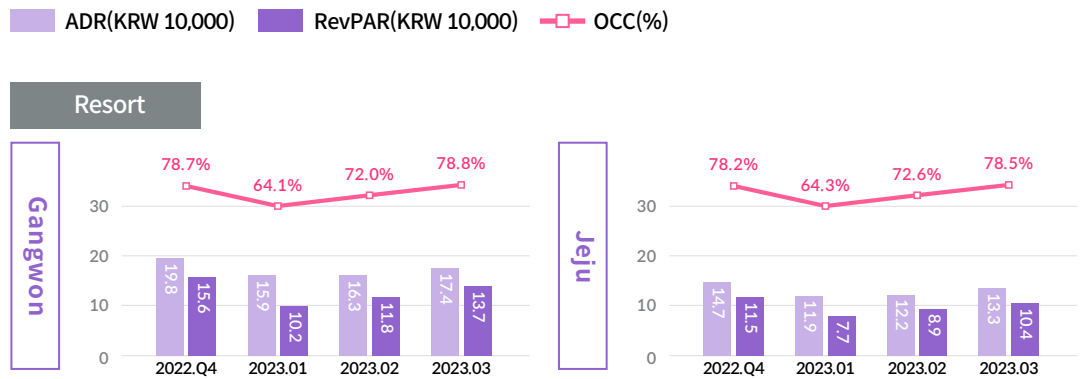· Unlike other areas, the OCC of hotels in Seoul steadily increased from January to March, indicating the normalization of hotel revenue structure with the transition to an endemic era, driven by an increase in foreign business tourists and expansion of large conferences.

· In the case of Gangwon, while hotel's ADR and OCC experienced a sharp decline in March, the ADR and OCC of resorts showed an increase. This suggests that there is a more stable demand for winter sports, such as skiing, in resorts compared to hotels.

Changes in ADR/OCC/RevPAR of hotels and resorts(2022.Q4~2023.03)

ADR(KRW 10,000)　　RevPAR(KRW 10,000)　　OCC(%)

Hotel

4 Star Hotel / 3 Star Hotel / 1&2 Star Hotel

Seoul, Busan, Gangwon, Jeju, Gyeonggi

Seoul 4 Star: OCC 78.7%, 64.1%, 72.0%, 78.8%; ADR 19.8, 15.9, 16.3, 17.4; RevPAR 15.6, 10.2, 11.8, 13.7
Seoul 3 Star: OCC 78.2%, 64.3%, 72.6%, 78.5%; ADR 14.7, 11.9, 12.2, 13.3; RevPAR 11.5, 7.7, 8.9, 10.4
Seoul 1&2 Star: OCC 77.1%, 68.4%, 70.5%, 77.3%; ADR 11.1, 9.9, 9.9, 10.5; RevPAR 8.5, 6.8, 7.0, 8.1

Busan 4 Star: OCC 62.2%, 51.8%, 64.8%, 55.9%; ADR 14.8, 11.6, 12.4, 12.6; RevPAR 9.2, 6.0, 8.0, 7.0
Busan 3 Star: OCC 64.4%, 59.2%, 68.4%, 59.8%; ADR 12.4, 10.6, 11.2, 10.6; RevPAR 8.0, 6.3, 7.7, 6.4
Busan 1&2 Star: OCC 58.1%, 53.8%, 64.1%, 56.8%; ADR 12.1, 10.0, 10.3, 9.9; RevPAR 7.0, 5.4, 6.6, 5.6

Gangwon 4 Star: OCC 63.1%, 65.7%, 71.2%, 48.0%; ADR 23.1, 19.9, 18.3, 17.6; RevPAR 14.6, 13.1, 13.0, 8.5
Gangwon 3 Star: OCC 61.2%, 57.6%, 64.7%, 47.5%; ADR 13.2, 13.3, 12.4, 11.9; RevPAR 8.1, 7.7, 8.0, 5.6
Gangwon 1&2 Star: OCC 48.1%, 46.3%, 54.4%, 38.3%; ADR 13.2, 12.9, 12.4, 11.8; RevPAR 6.4, 6.0, 6.7, 4.5

Jeju 4 Star: OCC 73.6%, 61.5%, 70.3%, 65.7%; ADR 10.9, 9.8, 10.0, 9.7; RevPAR 8.0, 6.0, 7.0, 6.4
Jeju 3 Star: OCC 67.1%, 56.4%, 63.5%, 60.8%; ADR 8.8, 7.9, 8.0, 7.8; RevPAR 5.9, 4.4, 5.1, 4.7
Jeju 1&2 Star: OCC 57.7%, 59.2%, 59.8%, 60.2%; ADR 6.6, 6.5, 6.3, 6.2; RevPAR 3.8, 3.8, 3.7, 3.7

Gyeonggi 4 Star: OCC 62.3%, 49.7%, 56.0%, 48.8%; ADR 17.5, 14.5, 14.7, 15.0; RevPAR 10.9, 7.2, 8.2, 7.3
Gyeonggi 3 Star: OCC 65.9%, 54.3%, 61.9%, 57.7%; ADR 12.5, 11.1, 11.3, 11.0; RevPAR 8.2, 6.0, 7.0, 6.3
Gyeonggi 1&2 Star: OCC 61.2%, 53.9%, 58.9%, 57.3%; ADR 10.5, 9.5, 9.6, 9.3; RevPAR 6.4, 5.1, 5.6, 5.3

Q1 2023 Trends in Lodging Industry

Hotel Operating Status by Region

ADR(KRW 10,000) ■ RevPAR(KRW 10,000) ■ OCC(%) ▬□▬

Resort

Gangwon

78.7%   64.1%   72.0%   78.8%

	2022.Q4	2023.01	2023.02	2023.03
ADR	19.8	15.9	16.3	17.4
RevPAR	15.6	10.2	11.8	13.7

Jeju

78.2%   64.3%   72.6%   78.5%

	2022.Q4	2023.01	2023.02	2023.03
ADR	14.7	11.9	12.2	13.3
RevPAR	11.5	7.7	8.9	10.4

*Source : Yanolja/Daily Hotel transaction data and own survey results (refer to Appendix 01)
*Note 1 : Data are not provided for 5-star hotels and 1-4 star hotels in Gyeongnam, Gyeongbuk, Jeolla, and Chungcheong, as the number of samples is less than 10 and statistical significance is not sufficient.
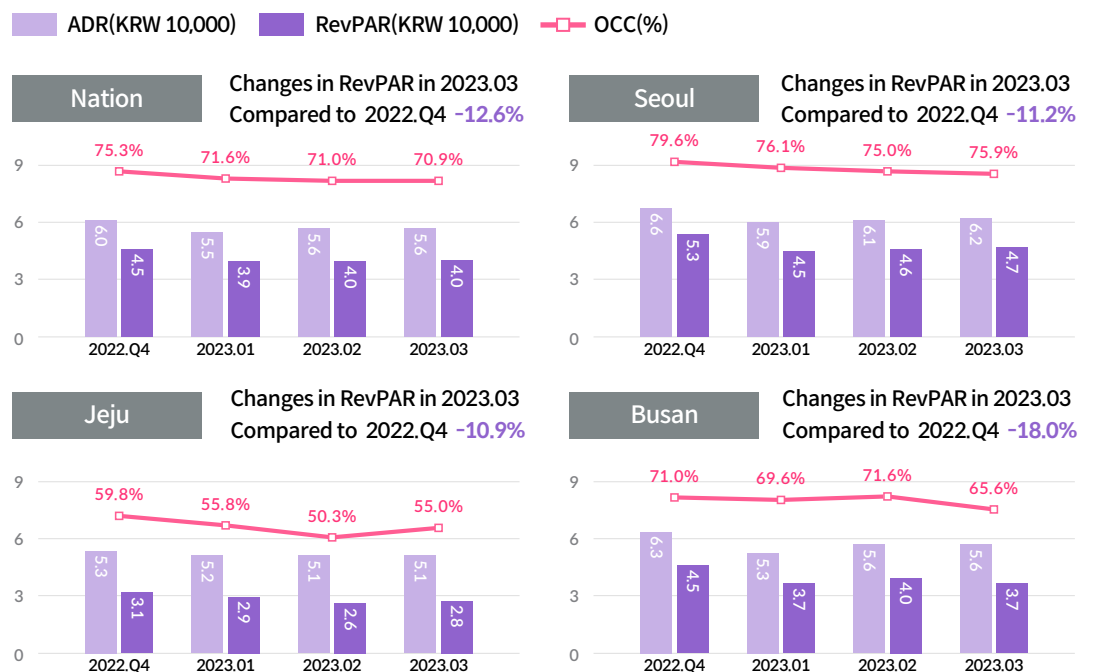*Note 2 : Gyeonggi includes Gyeonggi-do and Incheon
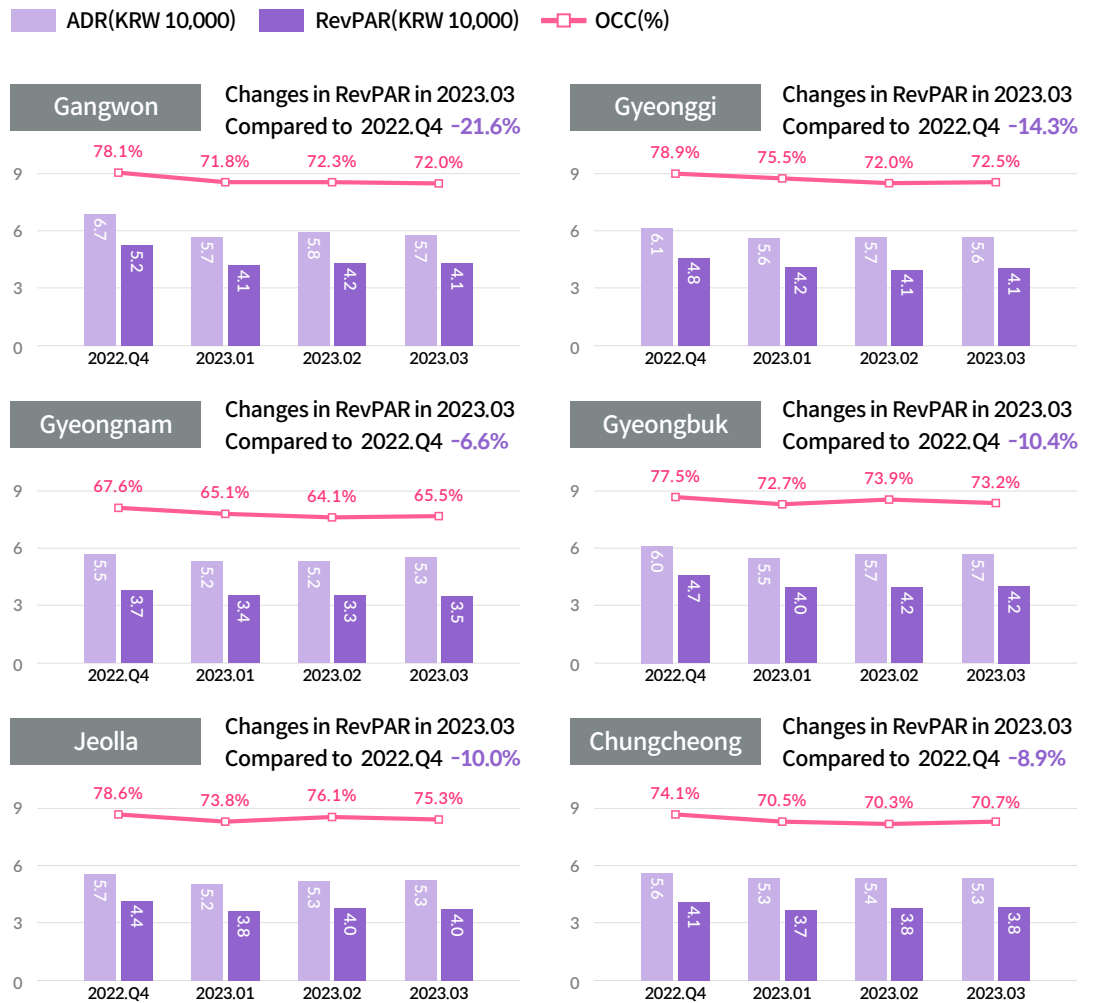
2. Motel

Motel Operating Status by Region

ADR/OCC/RevPAR had a slight decline compared to 2022.Q4

· Motels, being located not only in tourist areas but also in residential/commercial districts in urban areas, are less affected by seasons and locations. As th results, they experienced relatively lower decreases in ADR and OCC.

· The off-season during winter has a significant impact on Gangwon's coastal areas along the East Sea, leading to a decline in RevPAR.

Changes in ADR/OCC/RevPAR of Motels(2022.Q4~2023.03)

ADR(KRW 10,000) ■ RevPAR(KRW 10,000) ■ OCC(%) ▬□▬

Nation — Changes in RevPAR in 2023.03 Compared to 2022.Q4 **-12.6%**

75.3%   71.6%   71.0%   70.9%

	2022.Q4	2023.01	2023.02	2023.03
ADR	6.0	5.5	5.6	5.6
RevPAR	4.5	3.9	4.0	4.0

Seoul — Changes in RevPAR in 2023.03 Compared to 2022.Q4 **-11.2%**

79.6%   76.1%   75.0%   75.9%

	2022.Q4	2023.01	2023.02	2023.03
ADR	6.6	5.9	6.1	6.2
RevPAR	5.3	4.5	4.6	4.7

Jeju — Changes in RevPAR in 2023.03 Compared to 2022.Q4 **-10.9%**

59.8%   55.8%   50.3%   55.0%

	2022.Q4	2023.01	2023.02	2023.03
ADR	5.3	5.2	5.1	5.1
RevPAR	3.1	2.9	2.6	2.8

Busan — Changes in RevPAR in 2023.03 Compared to 2022.Q4 **-18.0%**

71.0%   69.6%   71.6%   65.6%

	2022.Q4	2023.01	2023.02	2023.03
ADR	6.3	5.3	5.6	5.6
RevPAR	4.5	3.7	4.0	3.7

Motel Operating Status by Region

ADR(KRW 10,000) RevPAR(KRW 10,000) OCC(%)

Gangwon — Changes in RevPAR in 2023.03 Compared to 2022.Q4 **-21.6%**

Gyeonggi — Changes in RevPAR in 2023.03 Compared to 2022.Q4 **-14.3%**

Gyeongnam — Changes in RevPAR in 2023.03 Compared to 2022.Q4 **-6.6%**

Gyeongbuk — Changes in RevPAR in 2023.03 Compared to 2022.Q4 **-10.4%**

Jeolla — Changes in RevPAR in 2023.03 Compared to 2022.Q4 **-10.0%**

Chungcheong — Changes in RevPAR in 2023.03 Compared to 2022.Q4 **-8.9%**

*Source : Yanolja/Daily Hotel transaction data and own survey results (refer to Appendix 01)

*Note : Gyeonggi includes Gyeonggi-do/Incheon, Gyeongnam includes Gyeongsangnam-do/Ulsan, Gyeongbuk includes Gyeongsangbuk-do/Daegu, Jeolla includes Jeollanam-do /Jeollabuk-do/Gwangju, and Chungcheong includes Chungcheongnam-do/Chungcheongbuk-do/Daejeon/Sejong

3. Pension

Pension Operating Status by Region

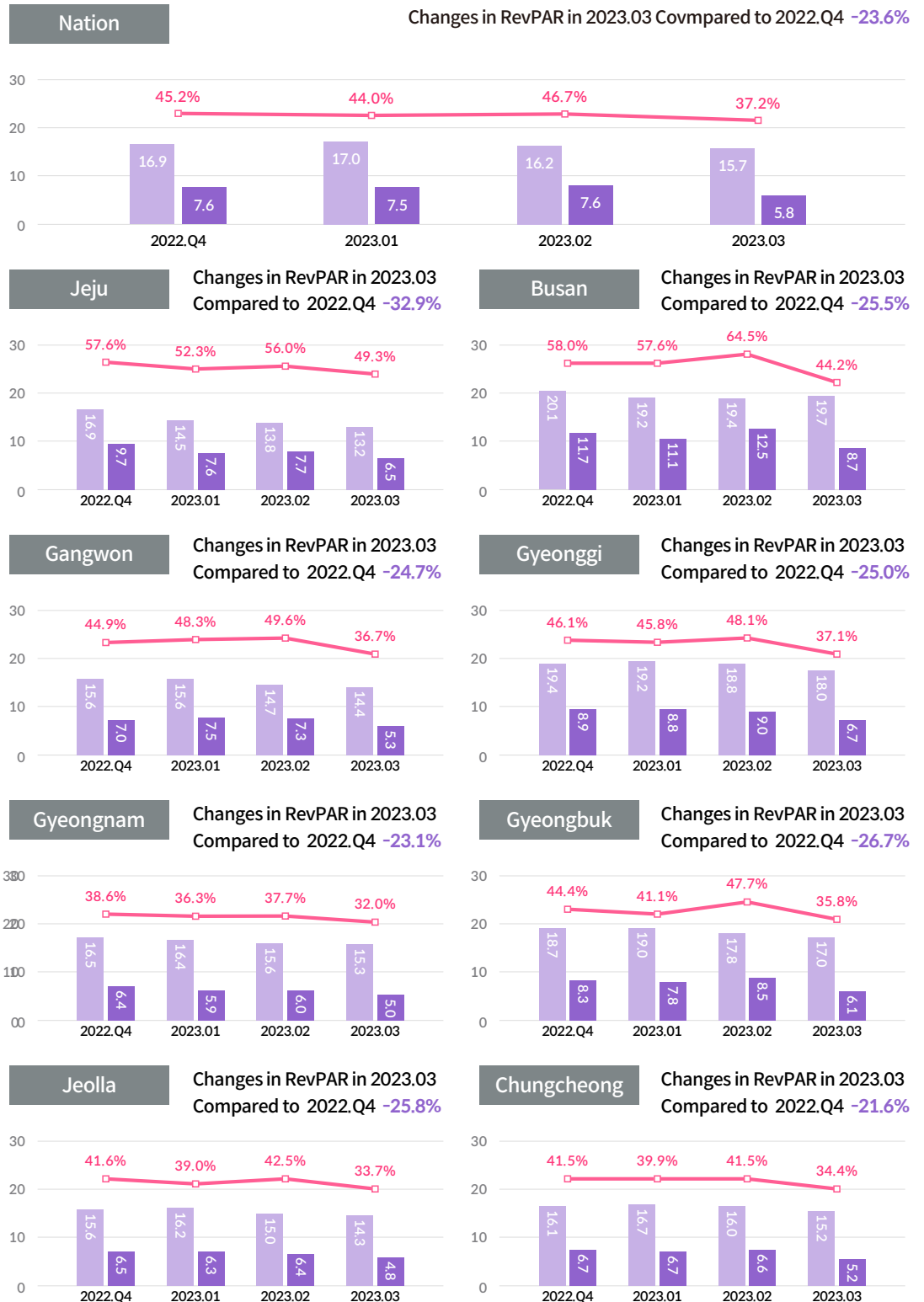**ADR continued to decline, while OCC/RevPAR showed a slight rebound in February followed by a decrease**

· The ADR/OCC in Busan and Gyeonggi, which are located near major cities, are above the national average.

· With the relaxation of COVID-19 containment measures and the restoration of international flight routes, overseas travel has become more active, resulting in the largest decline in RevPAR in Jeju.

· As the cherry blossom blooming period this year was moved up to 16 days earlier than normal years (average between 1991 and 2020), the demand for pension in the southern area at the end of March increased compared to normal years, so the ADR/OCC decline in March was not significant.

Q1 2023 Trends in Lodging Industry

Pension Operating Status by Region

Changes in ADR/OCC/RevPAR of Pensions(2022.Q4~2023.03)

ADR(KRW 10,000)　　RevPAR(KRW 10,000)　　OCC(%)

Nation

Changes in RevPAR in 2023.03 Covmpared to 2022.Q4 **-23.6%**

	2022.Q4	2023.01	2023.02	2023.03
OCC(%)	45.2%	44.0%	46.7%	37.2%
ADR	16.9	17.0	16.2	15.7
RevPAR	7.6	7.5	7.6	5.8

Jeju

Changes in RevPAR in 2023.03 Compared to 2022.Q4 **-32.9%**

	2022.Q4	2023.01	2023.02	2023.03
OCC(%)	57.6%	52.3%	56.0%	49.3%
ADR	16.9	14.5	13.8	13.2
RevPAR	9.7	7.6	7.7	6.5

Busan

Changes in RevPAR in 2023.03 Compared to 2022.Q4 **-25.5%**

	2022.Q4	2023.01	2023.02	2023.03
OCC(%)	58.0%	57.6%	64.5%	44.2%
ADR	20.1	19.2	19.4	19.7
RevPAR	11.7	11.1	12.5	8.7

Gangwon

Changes in RevPAR in 2023.03 Compared to 2022.Q4 **-24.7%**

	2022.Q4	2023.01	2023.02	2023.03
OCC(%)	44.9%	48.3%	49.6%	36.7%
ADR	15.6	15.6	14.7	14.4
RevPAR	7.0	7.5	7.3	5.3

Gyeonggi

Changes in RevPAR in 2023.03 Compared to 2022.Q4 **-25.0%**

	2022.Q4	2023.01	2023.02	2023.03
OCC(%)	46.1%	45.8%	48.1%	37.1%
ADR	19.4	19.2	18.8	18.0
RevPAR	8.9	8.8	9.0	6.7

Gyeongnam

Changes in RevPAR in 2023.03 Compared to 2022.Q4 **-23.1%**

	2022.Q4	2023.01	2023.02	2023.03
OCC(%)	38.6%	36.3%	37.7%	32.0%
ADR	16.5	16.4	15.6	15.3
RevPAR	6.4	5.9	6.0	5.0

Gyeongbuk

Changes in RevPAR in 2023.03 Compared to 2022.Q4 **-26.7%**

	2022.Q4	2023.01	2023.02	2023.03
OCC(%)	44.4%	41.1%	47.7%	35.8%
ADR	18.7	19.0	17.8	17.0
RevPAR	8.3	7.8	8.5	6.1

Jeolla

Changes in RevPAR in 2023.03 Compared to 2022.Q4 **-25.8%**

	2022.Q4	2023.01	2023.02	2023.03
OCC(%)	41.6%	39.0%	42.5%	33.7%
ADR	15.6	16.2	15.0	14.3
RevPAR	6.5	6.3	6.4	4.8

Chungcheong

Changes in RevPAR in 2023.03 Compared to 2022.Q4 **-21.6%**

	2022.Q4	2023.01	2023.02	2023.03
OCC(%)	41.5%	39.9%	41.5%	34.4%
ADR	16.1	16.7	16.0	15.2
RevPAR	6.7	6.7	6.6	5.2

*Source : Yanolja transaction data(refer to Appendix 01)

*Note: The number of samples in Seoul was less than 20, which was judged to be insufficiently representative and therefore excluded from the analysis.

Overseas travel was restricted during the COVID-19 pandemic, which had a positive effect of rediscovering the charm of domestic tourist destinations. As a result, the demand for domestic travel expanded during the pandemic, leading to an increase in the number of reservations and average room rates across the lodging industry. However, behind the scenes, it was a difficult time for the lodging industry, as the phenomenon of 'premiumization' and 'polarization' was intensifying, and many accommodations that have failed to differentiate themselves have closed their businesses. (According to the Ministry of Public Administration and Security, a total of 102 accommodations were closed in 2020.)

In October 2022, restrictions on overseas travel were eased with the lifting of mandatory PCR testing for incoming travelers and the relaxation of visa requirements for entry from Japan. This has led to a surge in so-called "retaliatory overseas travel" in Korea, as pent-up desires for travel were unleashed. However, the recovery of inbound tourism has been slower than expected. This can be attributed to China's ban on group tours to Korea and international air routes that have not yet been restored to pre COVID-19 levels. In addition, with the consumption slowdown due to the economic downturn, domestic accommodation bookings in the first quarter of 2023 showed a significant decline compared to the previous year. Therefore, it is a crucial moment to not only increase interest in domestic travel among Koreans but also strategically respond to attract inbound tourists from competition with other countries.

1. Domestic Lodging Trends During the Pandemic

ADR in the Domestic Lodging Industry During the Pandemic

ADR increases during COVID-19 pandemic due to the revitalization of domestic travel and the impact of rising inflation

· Since the outbreak of COVID-19, 4-5 star hotels, resorts, and pensions, which are perceived to have less interpersonal contact and provide hygiene and safety guarantees, have consistently experienced increasing ADR.

· The "premiumization" phenomenon, where the prices of high-end lodging rise faster, has intensified.

· In 2023, ADR rose as the burden of operating costs increases due to price hikes.

Changes in ADR by property type (2019.Q1 = 100)
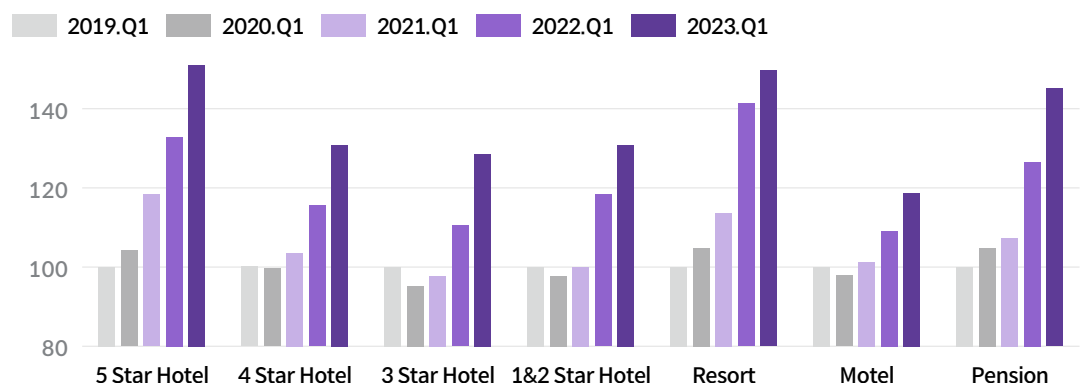
*Source : Yanolja/Daily Hotel transaction data (refer to Appendix 01)

The Number of Reservations per Room in the Domestic Lodging Industry During the Pandemic

Bookings continue to grow through 2022, but decline in 2023

· The booking growth of resorts and 3-5 star hotels has far outpaced that of motels.
· The decline in the number of reservations in 2023 is estimated to be influenced by both the economic recession and the relative decrease in domestic demand following the resumption of overseas travel.

Changes in the number of reservations per room by property type(2019.Q1 = 100)

■ 2019.Q1 ■ 2020.Q1 ■ 2021.Q1 ■ 2022.Q1 ■ 2023.Q1
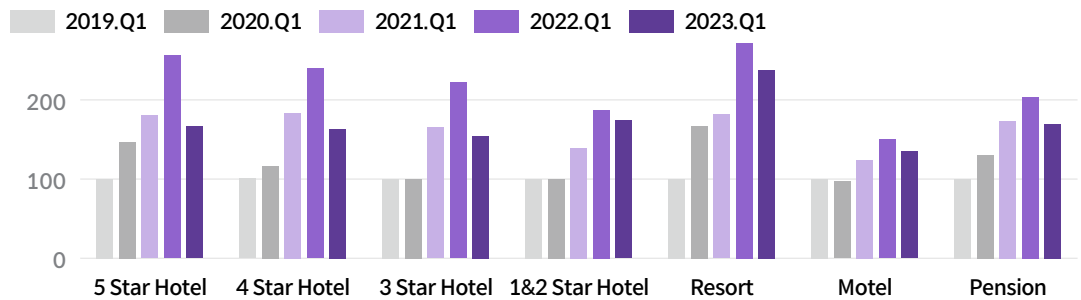
*Source : Yanolja/Daily Hotel transaction data (refer to Appendix 01)
*Note : Analyzed only bookings transacted within Yanolja/Daily Hotel and does not reflect the overall market

The Number of Tourists During the Pandemic

Domestic tourism has been recovering since 2022, while inbound tourism is still at about half of pre COVID-19 levels

· As suburban travel becomes a trend, local tourists continue to increase even during the pandemic.
  → Despite the peak of COVID-19 confirmed cases(9.96 million per month) in March 2022, the number of domestic tourists has recovered to the level pre COVID-19.
· The recovery of inbound tourism is limited because China, which accounts for the largest share of inbound tourists (34.4% based on 2019 data), still does not allow group tourist visas to Korea.

Changes in the number of domestic/inbound tourists (2019.Q1 =100)

■ 2019.Q1 ■ 2020.Q1 ■ 2021.Q1 ■ 2022.Q1 ■ 2023.Q1
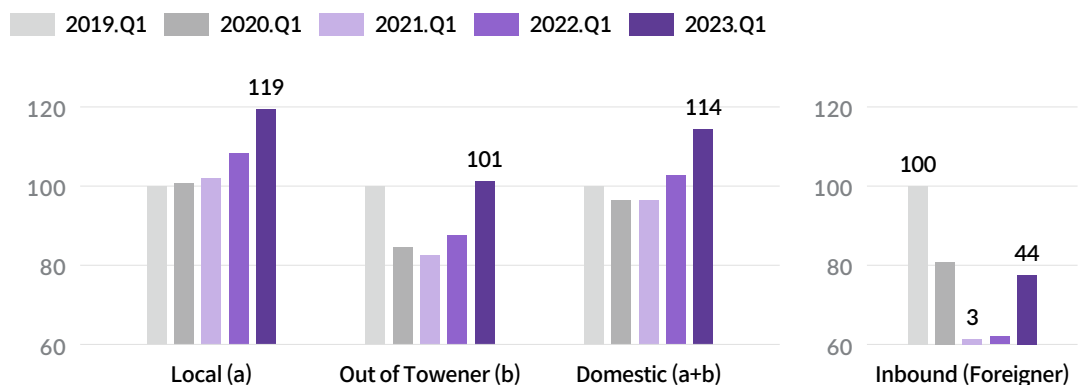
*Source : Korea Tourism DataLab(The number of domestic tourists is based on KT mobile data. The number of inbound tourists is calculated by the number of foreigners entering Korea based on the Ministry of Justice's Immigration/Foreigner Policy statistics, excluding flight attendants)
*Note 1 : A domestic tourist is defined as a person who stays at a specific base station in the area visited for more than 30 minutes outside their normal living area.
*Note 2 : The number of domestic tourists is based on the number of unique tourists per day. For example, if a family of four travels from January 1st to 3rd, the total number of tourists is calculated as 12.
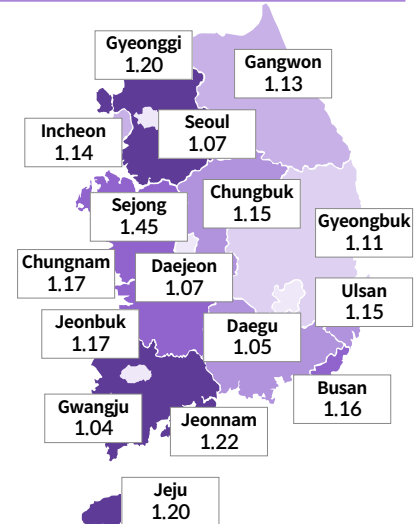
Recovery Rate of Domestic Tourist Visits by Region

Jeju and Busan have seen the fastest recovery in tourist arrivals

· As overseas travel was restricted during the pandemic, tourists from the capital area preferred Jeju and Busan as alternatives destinations to overseas travel.

- The opening of Signiel Busan and Grand Chosun Busan in 2021 has further increased the number of luxury hotels in Busan, leading to an influx of tourists to Haeundae.

· Increased interest in traveling to smaller cities, which offer less crowded and more natural experiences than popular destinations, is encouraging the tourism demand in Sejong and Jeonnam, etc.

- Sejong showed an 18-fold increase in hotel search volume in 2021 compared to 2020.
(2021 Travel Trend Report, WTTC)

*Recovery rate = number of domestic tourist in 2023.Q1
                ÷ number of domestic tourist in 2019.Q1
*Source : Korea Tourism DataLab (KT mobile data)

Recovery rate of domestic tourists in 2023.Q1 compared with 2019.Q1

Gyeonggi 1.20
Gangwon 1.13
Incheon 1.14
Seoul 1.07
Chungbuk 1.15
Gyeongbuk 1.11
Sejong 1.45
Chungnam 1.17
Daejeon 1.07
Ulsan 1.15
Jeonbuk 1.17
Daegu 1.05
Gwangju 1.04
Jeonnam 1.22
Busan 1.16
Jeju 1.20

2. Tourism Consumption During the Pandemic

Trends in Tourism Consumption of Domestic Tourists

Per capita spending decreased, but total consumption recovered in 2023

· Per capita spending on tourism has declined since the COVID-19 began, as people have shifted their travel patterns toward suburban and near-urban leisure.

· there has been no significant change in the share of tourism consumption by vertical during the pandemic. Food and beverages(F&B) and shopping continue to account for the largest share of total spending, at around 85%.
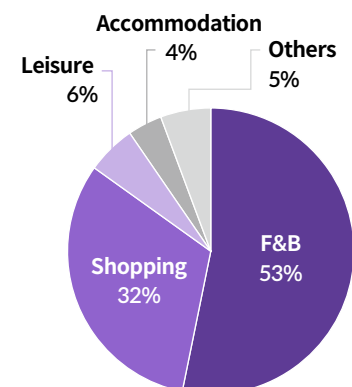
Total tourism consumption and per capita tourism spending by domestic tourists (2019.Q1 = 100)

2019.Q1   2020.Q1   2021.Q1
2022.Q1   2023.Q1

Proportion of tourism consumption expenditure by industry (2023.Q1)

Accommodation 4%
Leisure 6%
Others 5%
F&B 53%
Shopping 32%
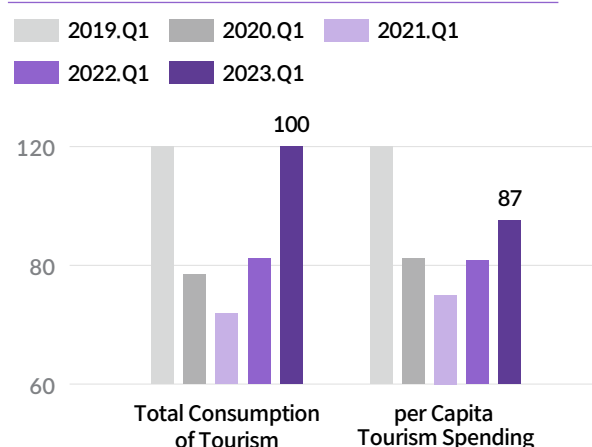
*Source : Korea Tourism DataLab(based on credit card data)
*Note : per capita tourism spending = Tourism consumption based on credit card data
   ÷ Number of domestic tourists based on KT mobile data
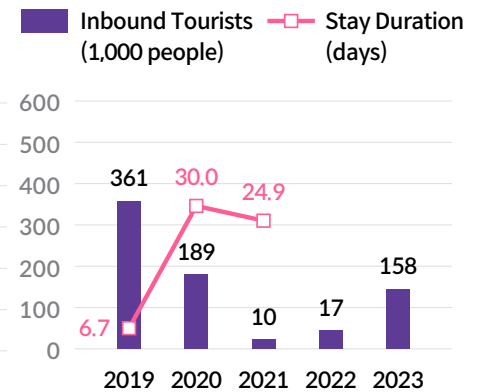
Trends in Tourism Consumption of Inbound Tourists

As the number of inbound tourists decreased, total tourism spending also decreased, but per capita spending surged

· Per capita consumption expenditure of inbound tourists soared as the average length of stay increased to 30 days in 2020 and 25 days in 2021, due to mandatory quarantine measures for foreign arrivals which lasted April 2020 to June 2022.

Total tourism cosumption and per capita tourism spending by inbound tourists (2019.Q1 = 100)
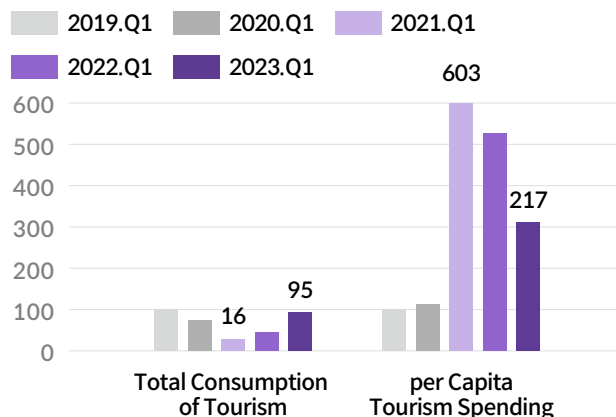
Annual number of inbound tourists and average length of stay

*Source : Korea Tourism DataLab(tourism comsumption based on credit card data); Ministry of Culture, Sports, and Tourism(Inbound Tourists Survey, 2019-2021)
* Note1 : per capita tourism spending = Tourism consumption based on credit card data
÷ Number of inbound tourists based on immigration statistics
* Note2 : Inbound Tourists are excluded from flight attendants

The share of accommodation and F&B spending that spiked during the pandemic has recently declined to pre COVID-10 levels

· Per capita spending on lodging in 2021.Q1 was nine times that of 2019.Q1 and ten times that of food and beverage (F&B).

Proportion of tourism comsumption by industry (First Quarter of 2019/2021/2023)
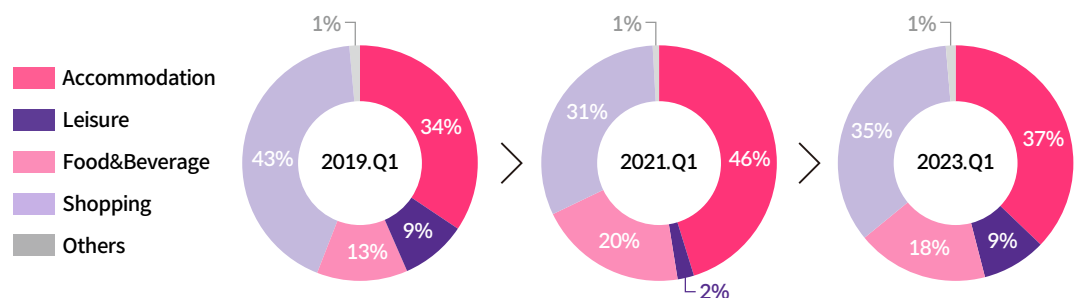
*Source : Korea Tourism DataLab (tourism expenditure by region based on credit card usage data)

3. Lodging and Tourism Trends in the Endemic Era

**Changes in
the Number of
Tourists after
the Endemic
Transition**

## The transition to the endemic will boost outbound travel

Relaxing COVID-19 restrictions for returning to normalcy

Date	Deregulation policy of COVID-19 quarantine
April 2022	Complete lifting of social distancing measures
May 2022	No mandatory outdoor mask-wearing overseas
June 2022	Resumption of visa-free entry to Jeju Island Removal of restrictions on international flights
October 2022	Removal of PCR test obligation for domestic entrants

Inbound tourist arrivals have rebounded

· Inbound tourist arrivals(excluding flight attendants) steadily recovered from 410,000 in
2022.Q2 to 780,000 in 2022.Q3, 1.34 million in 2022.Q4, and 1.58 million in 2023.Q4.

· In 2023.Q1, the top countries for inbound tourists were Japan, the US, Taiwan, and
China(tourist proportion: Japan 22.3%, the United States 10.2%, Taiwan 10.2%, China 9.0%). The
recovery rate compared to 2019.Q1 was highest for the US at 85%.

  – Due to the Chinese government's ban on group tours to Korea, the recovery rate
for Chinese tourists is only 10%.

The number of inbound tourists and recovery rate by countries
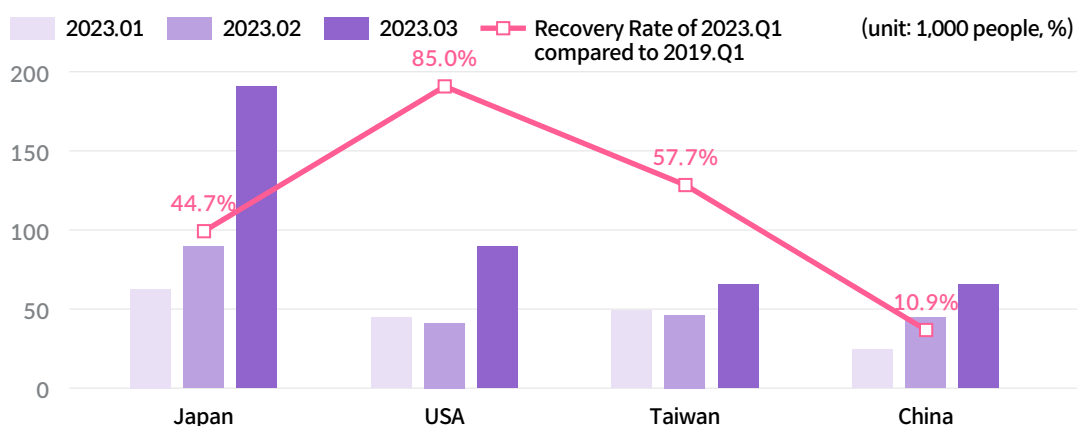
*Source : Korea Tourism Statistics
* Note : Recovery rate (%) = Number of inbound tourists in 2023.Q1
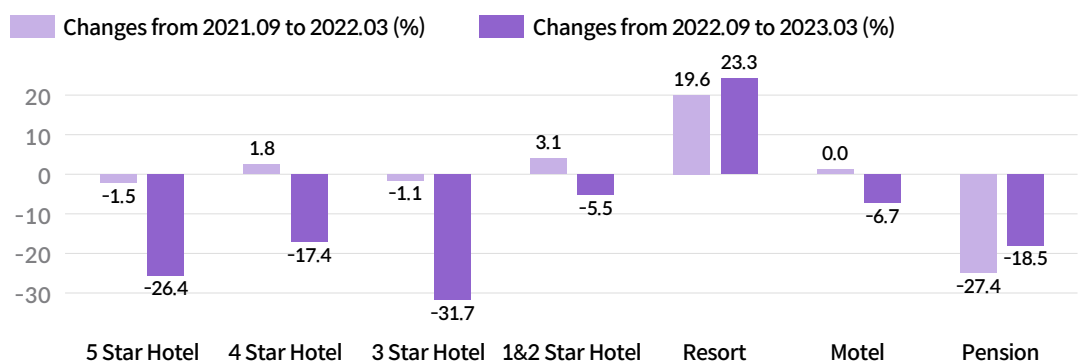　　　　　　　　　　　÷ Number of inbound tourists in 2019.Q1

Changes in the Number of Reservations per Room after the Endemic Transition

Domestic accommodation bookings decrease after pandemic ends

· Outbound travel increased following the lifting of the mandatory PCR testing for arrivals in 2022.10. Also, there was a significant YoY decline in lodging bookings in 2023.03 compared to 2022.09, due to lower domestic travel demand and the global recession.
- There were smaller declines in bookings for 1&2 star hotels and motels, which are not substitutes for outbound travel.

· Demand for resorts increased, and pensions showed a smaller decrease compared to the previous year. These indicate that family travel demand is still dominated by domestic demand.

Comparison of changes in booking rate between pandemic and endemic

◼ Changes from 2021.09 to 2022.03 (%)　　◼ Changes from 2022.09 to 2023.03 (%)

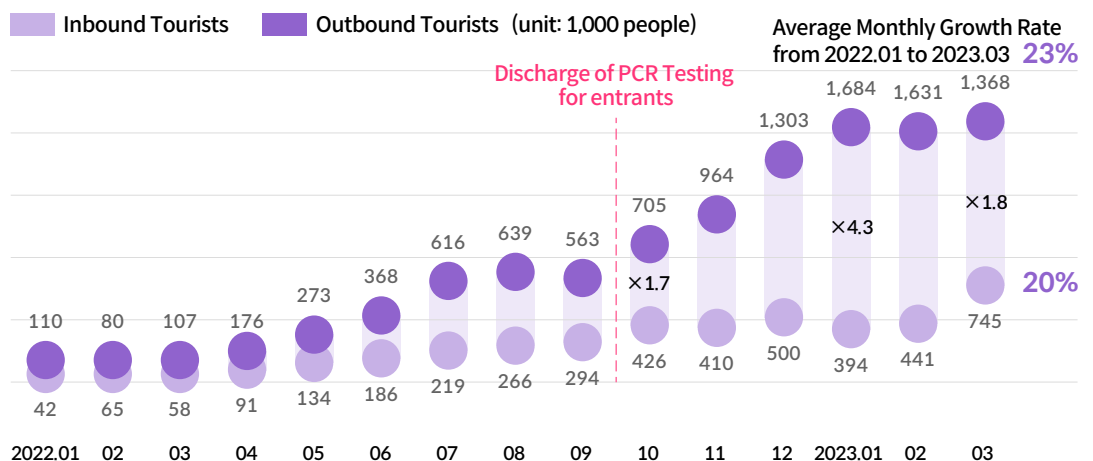|	5 Star Hotel	4 Star Hotel	3 Star Hotel	1&2 Star Hotel	Resort	Motel	Pension
2021.09→2022.03	-1.5	1.8	-1.1	3.1	19.6	0.0	-27.4
2022.09→2023.03	-26.4	-17.4	-31.7	-5.5	23.3	-6.7	-18.5

*Source : Yanolja/Daily Hotel transaction data (refer to Appendix 01)

Changes in the Number of Inbound and Outbound Tourists of Korea

Still not enough to replace the reduced domestic demand with foreigners

· In 2019, the average number of domestic tourists was 2.2 million per month, while the number of foreign tourists was 1.4 million, a difference of about 1.6 times.

· Since October 2022, the gap between outbound and inbound tourists in Korea has widened significantly compared to before the COVID-19 pandemic.
- In particular, in January 2023, when there was a Lunar New Year holiday, the gap between Koreans leaving and foreigners entering was 4.3 times.

The number of Inbound and Outbound Tourists of Korea (2022.01~2023.03)

◼ Inbound Tourists　　◼ Outbound Tourists　(unit: 1,000 people)

Average Monthly Growth Rate from 2022.01 to 2023.03 **23%**

Discharge of PCR Testing for entrants

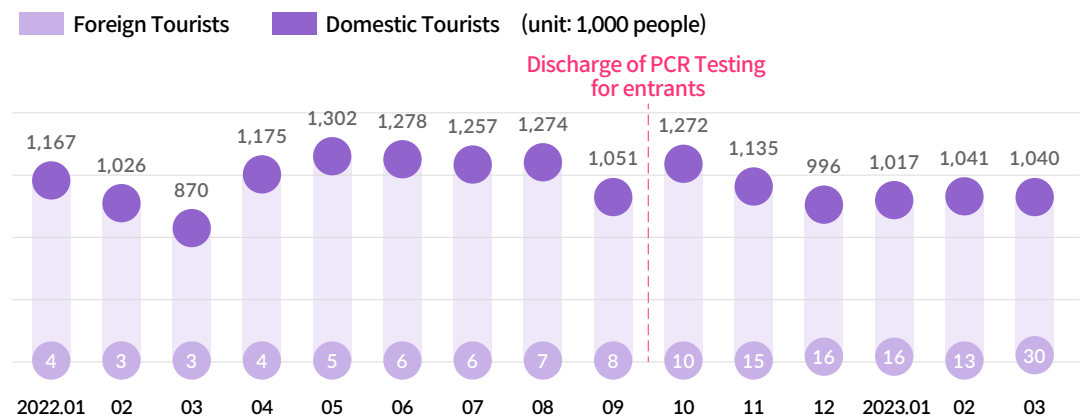|	2022.01	02	03	04	05	06	07	08	09	10	11	12	2023.01	02	03
Outbound Tourists	110	80	107	176	273	368	616	639	563	705	964	1,303	1,684	1,631	1,368
Inbound Tourists	42	65	58	91	134	186	219	266	294	426	410	500	394	441	745

×1.7　×4.3　×1.8

20%

*Source : Korea Tourism DataLab

Changes in the Number of Domestic and Foreign Tourists in Jeju

The impact of increased outbound travel on Jejuv was minimal

· Despite concerns that the number of tourists visiting Jeju would decrease significantly due to the increase in overseas travel, the number of tourists who visited Jeju in 2023.Q1 increased by about 80,000 compared to 2022.Q1 and by more than 90,000 compared to the 2019.Q1.

 − The main reason for the increase in the total number of tourists in 2023.03 was a 20% YoY(Year-on-Year) increase in the number of domestic tourists.

 − In addition, the number of foreign tourists increased 5.7 times YoY in the 2023.Q1, due to an influx of foreign tourists from Singapore, Taiwan, Thailand, etc.

· However, compared to the 2019.Q1, the number of foreign tourists in 2023.Q1 was about 17%, so efforts are needed to increase international routes and strengthen global marketing to recover foreign tourists.

The number of domestic and foreign tourists in Jeju (2022.01~2023.03)

Foreign Tourists   Domestic Tourists   (unit: 1,000 people)

Discharge of PCR Testing for entrants

	2022.01	02	03	04	05	06	07	08	09	10	11	12	2023.01	02	03
Domestic	1,167	1,026	870	1,175	1,302	1,278	1,257	1,274	1,051	1,272	1,135	996	1,017	1,041	1,040
Foreign	4	3	3	4	5	6	6	7	8	10	15	16	16	13	30

*Source : Jeju Tourism Association

Appendix 01. Data Acquisition & Analysis

1. Purpose

· To comprehensively analyze the current and future economic conditions of the domestic lodging industry and provide market information to various stakeholders, the report identifies key indicators of the lodging industry, such as ADR, OCC, and RevPAR, for the hotel, motel, and pension categories only.

2. Methods of Data Acquisition & Analysis Methods

· Data Sources

Index	Hotel	Motel	Pension
ADR / Reservations	Date from Yanolja/affilates of Yanolja		
OCC	Data from Yanolja/affilates of Yanolja and survey results	Survey results	Data from Yanolja

· Lodging Industry Trends Survey

- Subject : 152 hotels and 239 motels (*The sample size is determined considering the requirements for the survey)

- Period : April 19, 2023 ~ May 9, 2023

- Contents

Category	Contents
Basic Information	Company name, location, number of rooms, buisness period, availability of facilities, etc.
OCC	Occupancy rate for 2022.Q4 and 2023.01~03
Current Business Index	OCC : evaluate the changes in 2023.Q1 compared to 2022.Q1 ADR : evaluate the changes in 2023.Q1 compared to 2022.Q1
Future Business Index	OCC : assume the changes in 2023.Q2 compared to 2022.Q2 ADR : assume the changes in 2023.Q2 compared to 2022.Q2

· Lodging Business Index

- Based on the Bank of Korea's Customer Sentiment Index calculation method, but using a 3-point scale.

$$\text{Lodging Business Index} = \left[\frac{(\text{\# of response to improving} \times 0.5 - \text{\# of response to worsening} \times 0.5)}{\text{\# of total vavild responses}} \times 100 \right] + 100$$

*50 ≤ Business Index ≤ 150, If the index is above (below) 100, more (less) companies congnize that the current quarter's business conditions are improved than the same quarter of last year.

· Methods for Calculating Key Indicators

- ADR = Total amount of transactions by the company in the month(quarter)
  ÷ Total number of bookings by the company in the month(quarter)

- OCC

  1) Hotel : Use of Yanolja internal data and survey results

  2) Motel : Use survey results

  3) Pension : Use of Yanolja internal data,
     OCC = 1 - (Number of rooms remaining as of check-in data ÷ Total numbers of rooms)

- RevPAR = ADR X OCC

Appendix 02. Lodging Industry Trends Data

※ Note: Statistical data is not provided if the sample size is less than 10, as it is deemed insufficient to ensure the reliability of statistical analysis.

1. Hotel/Resort All

Index	Date	Nation	Gangwon	Gyeonggi	Gyeongnam	Gyeongbuk	Busan	Seoul	Jeolla	Jeju	Chungcheong
ADR	2022.Q4	129,145	148,678	122,802	114,249	145,718	119,043	158,977	121,050	114,140	113,118
	2023.01	118,844	138,657	111,458	112,044	135,851	105,714	136,475	113,544	108,353	108,740
	2023.02	117,693	131,336	110,825	110,339	139,002	106,736	136,250	112,760	105,580	108,993
	2023.03	116,712	120,139	109,000	111,763	138,746	102,461	142,525	110,605	106,868	109,115
OCC	2022.Q4	64.5%	55.5%	60.8%	58.6%	64.8%	62.1%	77.4%	55.2%	66.3%	61.0%
	2023.01	57.0%	53.2%	50.9%	50.0%	48.9%	55.3%	62.7%	41.7%	56.5%	46.1%
	2023.02	64.8%	59.0%	57.0%	58.3%	59.9%	65.8%	69.3%	53.5%	64.2%	53.0%
	2023.03	60.6%	41.9%	52.9%	52.0%	53.5%	58.0%	76.4%	45.1%	59.0%	50.0%
RevPAR	2022.Q4	83,299	82,516	74,664	66,950	94,425	73,926	123,048	66,820	75,675	69,002
	2023.01	67,741	73,766	56,732	56,022	66,431	58,460	85,570	47,348	61,219	50,129
	2023.02	76,265	77,488	63,170	64,328	83,262	70,232	94,421	60,327	67,782	57,766
	2023.03	70,727	50,338	57,661	58,117	74,229	59,427	108,889	49,883	63,052	54,558

1-1. Hotel : Nationwide by property type

Index	Date	5 Star	4 Star	3 Star	1&2 Star	Resort
ADR	2022.Q4	312,532	168,753	129,833	108,838	222,056
	2023.01	287,813	141,562	113,444	99,588	215,065
	2023.02	271,565	144,064	114,903	100,121	202,963
	2023.03	266,377	145,813	115,548	99,713	190,096
OCC	2022.Q4	65.9%	68.7%	66.9%	61.7%	51.5%
	2023.01	57.2%	56.0%	54.9%	52.7%	54.9%
	2023.02	62.9%	65.4%	63.4%	59.9%	51.2%
	2023.03	55.4%	60.6%	60.1%	57.5%	57.1%
RevPAR	2022.Q4	205,959	115,933	86,858	67,153	114,359
	2023.01	164,629	79,275	62,281	52,483	118,071
	2023.02	170,814	94,218	72,849	59,972	103,917
	2023.03	147,573	88,363	69,444	57,335	108,545

1-2. 4 Star Hotel

Index	Date	Nation	Gangwon	Gyeonggi	Gyeongnam	Gyeongbuk	Busan	Seoul	Jeolla	Jeju	Chungcheong
ADR	2022.Q4	168,753	230,829	174,897	-	173,910	147,764	197,879	186,640	109,046	-
	2023.01	141,562	198,677	145,421	-	161,814	116,068	158,711	162,842	97,982	-
	2023.02	144,064	183,057	146,602	-	164,898	123,915	163,330	165,947	99,682	-
	2023.03	145,813	176,309	150,141	-	166,442	125,803	173,941	159,722	96,833	-
OCC	2022.Q4	68.7%	63.1%	62.3%	-	-	62.2%	78.7%	61.1%	73.6%	-
	2023.01	56.0%	65.7%	49.7%	-	-	51.8%	62.0%	45.7%	60.0%	-
	2023.02	65.4%	71.2%	56.0%	-	-	64.8%	69.6%	56.9%	70.3%	-
	2023.03	60.6%	48.0%	48.8%	-	-	55.9%	78.8%	47.1%	64.1%	-
RevPAR	2022.Q4	115,933	145,653	108,961	-	-	91,909	155,731	114,037	80,258	-
	2023.01	79,275	130,531	72,274	-	-	60,123	98,401	74,419	58,789	-
	2023.02	94,218	130,337	82,097	-	-	80,297	113,678	94,424	70,076	-
	2023.03	88,363	84,628	73,269	-	-	70,324	137,066	75,229	62,070	-

1-3. 3 Star Hotel

Index	Date	Nation	Gangwon	Gyeonggi	Gyeongnam	Gyeongbuk	Busan	Seoul	Jeolla	Jeju	Chungcheong
ADR	2022.Q4	129,833	131,602	124,622	132,952	157,310	123,919	147,404	136,222	88,255	114,546
	2023.01	113,444	132,911	110,691	121,826	140,102	106,326	119,118	128,332	78,805	106,875
	2023.02	114,903	124,428	113,376	120,798	143,246	112,319	121,971	124,845	80,292	107,772
	2023.03	115,548	118,626	109,839	120,899	136,468	106,419	132,802	123,029	77,725	105,077
OCC	2022.Q4	66.9%	61.2%	65.9%	58.4%	-	64.4%	78.2%	50.3%	67.1%	67.5%
	2023.01	54.9%	57.6%	54.3%	46.9%	-	57.1%	63.4%	35.4%	53.9%	54.2%
	2023.02	63.4%	64.7%	61.9%	55.5%	-	66.0%	71.6%	47.9%	62.1%	61.6%
	2023.03	60.1%	47.5%	57.7%	50.9%	-	59.8%	78.5%	38.3%	58.1%	54.8%
RevPAR	2022.Q4	86,858	80,540	82,126	77,644	-	79,804	115,270	68,520	59,219	77,319
	2023.01	62,281	76,557	60,105	57,136	-	60,712	75,521	45,430	42,476	57,926
	2023.02	72,849	80,505	70,180	67,043	-	74,131	87,331	59,801	49,861	66,388
	2023.03	69,444	56,347	63,377	61,538	-	63,639	104,250	47,120	45,158	57,582

1-4. 1&2 Star Hotel

Index	Date	Nation	Gangwon	Gyeonggi	Gyeongnam	Gyeongbuk	Busan	Seoul	Jeolla	Jeju	Chungcheong
ADR	2022.Q4	108,838	132,447	105,293	92,466	135,451	120,633	110,645	109,556	66,167	101,519
	2023.01	99,588	128,630	95,139	86,313	127,655	99,777	98,841	106,896	64,818	102,568
	2023.02	100,121	123,837	95,852	92,236	125,231	102,793	99,237	103,976	62,587	105,558
	2023.03	99,713	117,713	93,229	90,019	121,542	98,768	105,200	103,159	61,868	109,659
OCC	2022.Q4	61.7%	48.1%	61.2%	-	65.5%	58.1%	77.1%	57.9%	57.7%	57.9%
	2023.01	52.7%	44.0%	52.4%	-	47.2%	52.2%	64.7%	44.8%	59.2%	36.3%
	2023.02	59.9%	54.4%	57.1%	-	56.1%	64.1%	68.6%	57.1%	59.8%	41.8%
	2023.03	57.5%	36.4%	57.3%	-	50.6%	56.8%	77.3%	53.2%	56.7%	45.4%
RevPAR	2022.Q4	67,153	63,707	64,439	-	88,720	70,088	85,307	63,433	38,178	58,780
	2023.01	52,483	56,597	49,853	-	60,253	52,084	63,950	47,889	38,372	37,232
	2023.02	59,972	67,367	54,731	-	70,255	65,890	68,077	59,370	37,427	44,123
	2023.03	57,335	42,848	53,420	-	61,500	56,100	81,320	54,881	35,079	49,785

1-5. Resort

Index	Date	Nation	Gangwon	Gyeonggi	Gyeongnam	Gyeongbuk	Busan	Seoul	Jeolla	Jeju	Chungcheong
ADR	2022.Q4	222,056	224,531	-	-	-	-	-	-	240,007	-
	2023.01	215,065	232,344	-	-	-	-	-	-	177,821	-
	2023.02	202,963	219,155	-	-	-	-	-	-	174,213	-
	2023.03	190,096	191,485	-	-	-	-	-	-	179,170	-
OCC	2022.Q4	54.9%	52.1%	-	-	-	-	-	-	63.6%	-
	2023.01	51.2%	55.1%	-	-	-	-	-	-	60.6%	-
	2023.02	57.1%	52.6%	-	-	-	-	-	-	68.3%	-
	2023.03	46.0%	39.1%	-	-	-	-	-	-	58.4%	-
RevPAR	2022.Q4	121,909	116,981	-	-	-	-	-	-	152,644	-
	2023.01	110,113	128,022	-	-	-	-	-	-	107,760	-
	2023.02	115,892	115,276	-	-	-	-	-	-	118,987	-
	2023.03	87,444	74,871	-	-	-	-	-	-	104,635	-

2. Motel

Index	Date	Nation	Gangwon	Gyeonggi	Gyeongnam	Gyeongbuk	Busan	Seoul	Jeolla	Jeju	Chungcheong
ADR	2022.Q4	60,197	67,047	60,518	55,164	60,292	62,869	66,048	56,535	52,548	55,977
	2023.01	54,569	57,177	55,911	51,642	55,043	52,809	58,808	52,009	51,650	52,750
	2023.02	55,795	58,438	56,777	52,107	56,696	55,515	60,752	52,834	51,349	53,831
	2023.03	55,893	57,003	56,472	53,201	57,208	55,776	61,532	53,113	50,855	53,461
OCC	2022.Q4	75.3%	78.1%	78.9%	67.6%	77.5%	71.0%	79.6%	78.6%	59.8%	74.1%
	2023.01	71.6%	71.8%	75.5%	65.1%	72.7%	69.6%	76.1%	73.8%	55.8%	70.5%
	2023.02	71.0%	72.3%	72.0%	64.1%	73.9%	71.6%	75.0%	76.1%	50.3%	70.3%
	2023.03	70.9%	72.0%	72.5%	65.5%	73.2%	65.6%	75.9%	75.3%	55.0%	70.7%
RevPAR	2022.Q4	45,328	52,364	47,749	37,291	46,726	44,637	52,574	44,437	31,424	41,479
	2023.01	39,071	41,053	42,213	33,619	40,016	36,755	44,753	38,383	28,821	37,189
	2023.02	39,614	42,251	40,879	33,401	41,898	39,749	45,564	40,207	25,829	37,843
	2023.03	39,628	41,042	40,942	34,847	41,876	36,589	46,703	39,994	27,970	37,797

3. Pension

Index	Date	Nation	Gangwon	Gyeonggi	Gyeongnam	Gyeongbuk	Busan	Seoul	Jeolla	Jeju	Chungcheong
ADR	2022.Q4	168,587	156,068	193,907	164,561	186,850	201,142	-	155,899	168,587	160,665
	2023.01	170,229	155,739	192,258	163,546	190,039	192,440	-	161,717	144,960	167,001
	2023.02	162,355	146,601	187,748	155,904	178,478	194,087	-	149,582	137,732	160,095
	2023.03	156,737	143,590	180,307	152,738	170,022	196,586	-	142,711	132,239	152,247
OCC	2022.Q4	45.2%	44.9%	46.1%	38.6%	44.4%	58.0%	-	41.6%	57.6%	41.5%
	2023.01	44.0%	48.3%	45.8%	36.3%	41.1%	57.6%	-	39.0%	52.3%	39.9%
	2023.02	46.7%	49.6%	48.1%	37.7%	47.7%	64.5%	-	42.5%	56.0%	41.5%
	2023.03	37.2%	36.7%	37.1%	32.0%	35.8%	44.2%	-	33.7%	49.3%	34.4%
RevPAR	2022.Q4	76,201	70,075	89,391	63,521	82,961	116,662	-	64,854	97,106	66,676
	2023.01	74,901	75,222	88,054	59,367	78,106	110,845	-	63,070	75,814	66,633
	2023.02	75,820	72,714	90,307	58,776	85,134	125,186	-	63,572	77,130	66,439
	2023.03	58,306	52,698	66,894	48,876	60,868	86,891	-	48,094	65,194	52,373

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